

**MINUTES
of the
FIRST MEETING
of the
CAPITOL BUILDINGS PLANNING COMMISSION**

**April 9, 2014
Room 309, State Capitol
Santa Fe**

The first meeting of the Capitol Buildings Planning Commission (CBPC) was called to order by Edwynn L. Burckle, secretary of general services, on April 9, 2014 at 1:43 p.m. in Room 309 of the State Capitol.

Present

Edwynn L. Burckle, Secretary of General Services, Co-Chair
Rep. W. Ken Martinez, Speaker of the House of Representatives, Co-Chair
Tom Clifford, Secretary of Finance and Administration
Veronica Gonzales, Secretary of Cultural Affairs
Loren Hatch, Designee for Tom Church, Secretary of Transportation
Sen. Stuart Ingle, Minority Floor Leader
Elaine Olah, Designee for Ray Powell, Commissioner of Public Lands
Sen. Mary Kay Papen, President Pro Tempore
Clarence Smith, Designee for James B. Lewis, State Treasurer
Rep. Thomas C. Taylor

Absent

Barbara J. Vigil, Chief Justice of the New Mexico Supreme Court

Staff

Raúl E. Burciaga, Director, Legislative Council Service (LCS)
Lisa Sullivan, Staff Attorney, LCS
Caela Baker, Staff Attorney, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file.

Wednesday, April 9

Approval of Agenda

Members of the CBPC voted unanimously in favor of adopting the agenda.

Open Meetings Resolution

Members of the CBPC discussed a proposed open meetings resolution. The resolution sets forth the procedures that the CBPC would follow in order to comply with the Open Meetings Act.

One member of the CBPC inquired about exceptions to the Open Meetings Act, particularly in the case of meetings concerning issues of public safety. Mr. Burciaga responded that the Open Meetings Act contains a number of exceptions. The member suggested legislation amending the Open Meetings Act to allow for closed meetings for discussions of sensitive security issues.

Members of the CBPC voted unanimously in favor of adopting the open meetings resolution.

Adoption of Minutes

Members of the CBPC voted unanimously in favor of adopting the minutes of the November 12, 2013 CBPC meeting.

House Joint Resolution 8

Brett F. Woods, deputy secretary, Energy, Minerals and Natural Resources Department (EMNRD), informed the CBPC about the EMNRD's efforts to sell the property described in House Joint Resolution 8 to Galisteo Corporation. CBPC members were provided a copy of a letter from the General Services Department (GSD) to the EMNRD, dated April 7, 2014, indicating that the property, which was purchased from the State Land Office by the State Parks Commission in 1960 for use as administrative offices, is not state trust land.

Deputy Secretary Woods indicated that the building has structural issues and is in need of significant repair work; the position of the EMNRD is that the property should be sold due to the expense of repair and maintenance and because the building is unsuitable for the needs of the EMNRD. The building is currently being leased by Galisteo Corporation for a term of 25 years, with an additional 25-year renewal option.

Deputy Secretary Woods provided to CBPC members a spiral-bound handout consisting of: (1) an appraisal of the property in question, dated March 21, 2014, prepared for the Galisteo Corporation by Hippauf and Associates Real Estate Appraisals, Inc.; (2) an engagement letter between Galisteo Corporation and Hippauf and Associates Real Estate Appraisals, Inc.; (3) a letter from the Taxation and Revenue Department approving the appraiser; (4) a warranty deed; (5) a flood map; (6) a lease agreement between the EMNRD and Galisteo Street, Inc. (the same entity as Galisteo Corporation); (7) a discounted cash flow analysis; and (8) a summary of the appraiser's qualifications.

Deputy Secretary Woods told the CBPC that Galisteo Corporation has the right of first refusal pursuant to the lease agreement, and Hippauf and Associates appraised the property at \$500,000. Deputy Secretary Woods indicated that House Joint Resolution 8 prohibits the property from being sold at a value less than the appraisal amount.

Section 13-6-3 NMSA 1978 requires ratification and approval by the legislature of any sale, trade or lease of real property belonging to a state agency that involves a consideration of \$100,000 or more. House Joint Resolution 8 requires that "the property shall not be sold until the sale has been reviewed by the capitol buildings planning commission". CBPC members were provided a copy of House Joint Resolution 8.

Deputy Secretary Woods informed CBPC members that there was no purchase agreement, and members discussed the possible meaning of the term "sale" in the present context and in the absence of a purchase agreement. While House Joint Resolution 8 calls for the CBPC to "review", rather than to "approve", the sale, a formal CBPC recommendation on the sale was recommended as a course of action.

Regarding the \$500,000 appraisal amount, members of the CBPC posited that there may be potential buyers willing to purchase the property for more than \$500,000. Accordingly, the CBPC requested the EMNRD to list the property on the open market for a month and determine whether there are any higher offers for the property. The CBPC requested that the subject be brought before the CBPC at its meeting for it to review a signed sales agreement.

General Services Department Update

Pamela Nicosin, acting deputy director, Facilities Management Division (FMD), GSD, provided the CBPC with an update on several projects.

Renovation of the Manuel Lujan Building is nearing completion. The budget for this project is \$19 million, and the project is expected to be completed within budget. Construction time for this project was about 19 months. There was a slight slip in schedule because asbestos was discovered in the building and had to be addressed.

Construction of Phase II of the Meadows Project at the New Mexico Behavioral Health Institute (NMBHI) at Las Vegas is also nearing completion. This facility will house patients and will increase the capacity of the NMBHI by 72 beds. The budget for this project is \$21 million, and the project is expected to be completed within budget. Substantial completion of the project is expected next month.

One member of the CBPC asked whether additional days are built into a project budget to allow for completion delays sometimes colloquially referred to as "slippage". Ms. Nicosin responded that a contractor may be required to pay liquidated damages if the contractor does not meet deadlines; however, the FMD may waive liquidated damages if the delay is due to unforeseen circumstances encountered during a project.

Another member of the CBPC asked what the cost per square foot is on the Manuel Lujan Building renovation project. The member recalled that the cost per square foot might be above average. Ms. Nicosin indicated that she did not know the exact cost per square foot but that the renovation required a lot of specialized equipment, which can skew the cost per square foot.

George D. Morgan, director, FMD, GSD, indicated that he believes the cost per square foot on the project is between \$260 and \$265 per square foot.

Mr. Morgan explained that the FMD measures projects in terms of scope, schedule and budget. He indicated that, typically, the FMD will "baseline" construction projects; however, slippage can be authorized for unforeseen circumstances, such as the discovery of asbestos in the Manuel Lujan Building. He described the tracking system that the FMD uses for projects and explained that the system can break down a project into task-level detail. Additionally, reports can be generated that include information such as whether there was slippage on a project, what the original time frame for the project was and whether the project is behind schedule. The FMD hopes to be able to publish project progress details on its web site by the end of the year.

Mr. Morgan told the CBPC that all projects have a one-year warranty period. One member of the CBPC inquired as to whether the warranty covers both materials and workmanship. Mr. Morgan responded in the affirmative and indicated that the warranty period commences on the date that the FMD accepts the project at "substantial completion".

Architectural Research Consultants, Inc., Update

John Petronis, commission facilities planner, Architectural Research Consultants, Inc. (ARC), indicated that ARC has been updating the inventory of state buildings. When ARC compiled the initial building inventory, the inventory was sent back to every agency for review, and the agencies were asked to provide information on the number of full-time employees in each building. About 80% of the agencies responded to this request. ARC is recommending that the inventory data be made available "as-is", recognizing that the data may always be a work in progress.

Mr. Petronis indicated that ARC is working on developing space-use standards. The standards would include recommendations on how existing space can be better used. Additionally, the State of Washington recently conducted a space-use study for government buildings, and the data from that study may be compared to the space-use practices in New Mexico.

Finally, Mr. Petronis indicated that building numbers are currently assigned in an ad hoc manner. ARC believes that this process should be more formal and that a procedure should be developed for assigning building numbers.

Questions and Comments

Anne Greene-Romig, director of legislative affairs for the Cultural Affairs Department (CAD), told members of the CBPC that the CAD manages a large number of historic properties; however, the CAD is not entitled to obtain capital outlay funding for planning related to these properties, which limits the CAD's ability to adequately manage these properties.

One member of the CBPC requested an update on the office and facility needs of the Human Services Department at the next meeting.

Another member requested that the CBPC focus on maintenance issues concerning state-owned properties because there is a significant deferred maintenance backlog.

Members of the CBPC determined that the next meeting date will be set after the New Mexico Legislative Council meets on May 5, 2014 to reappoint interim committees.

Adjournment

There being no further business before the commission, the first meeting of the CBPC adjourned at 2:42 p.m.